

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE INSPECTOR GENERAL**

**REPORT ON  
MANAGEMENT OPERATIONS AT THE  
WASHINGTON HUMANE SOCIETY**



**CHARLES C. MADDOX, ESQ.  
INSPECTOR GENERAL**



GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



December 21, 2001

Ivan C.A. Walks, M.D.  
Director  
Department of Health  
825 North Capitol Street, N.E., Suite 4400  
Washington, D.C. 20002

Dear Dr. Walks:

Enclosed is our final report summarizing the results of the Office of the Inspector General (OIG) Audit of the Washington Humane Society (WHS).

Specifically, our audit disclosed that the Department of Health (DOH) needs to improve WHS' compliance with contract terms and laws, establish effective controls over WHS operations, and ensure proper levels of accountability.

Draft reports were provided to, and discussed with, officials from DOH and WHS. We also received written comments to the draft report from DOH and WHS officials, which are incorporated in their entirety as Exhibits to this report. For purposes of clarification, adjustments were made to the report to reflect updated information received after the completion of our fieldwork.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have any questions, please feel free to call me at (202) 727-2540, or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

Charles C. Maddox, Esq.  
Inspector General

Enclosure

cc: Mr. Theodore J. Gordon, Chief Operating Officer, DOH  
[Redacted] Interim Executive Director, The Washington Humane Society  
[Redacted] Acting President, Board of Directors, The Washington Humane Society



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# **E X E C U T I V E**

# **D I G E S T**

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## EXECUTIVE DIGEST

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### OVERVIEW

This report summarizes the Office of the Inspector General's (OIG) audit of Management Operations at the Washington Humane Society (WHS). The audit was conducted in part, due to concerns raised by DOH, over possible contract violations and potential liabilities to the District.

On June 27, 1996, DOH entered into a 5-year contract with WHS (one base year with four option years) to provide animal control and related services. Specifically, the contract required WHS to assist the public in the District of Columbia (District) with animal-related problems and to protect the public from animal-related diseases. Additionally, the contract required WHS to operate and maintain an animal shelter (Shelter) facility owned by the District in a safe, sanitary, humane, and orderly manner. Over the contract period, WHS was paid approximately \$3 million for services provided under this contract. WHS has been under contract with the District to provide animal control services for the past 20-years.

On June 27, 2001, a new 1-year contract, in the amount of \$1.55 million, was awarded to WHS. DOH plans to issue a competitive solicitation for operation of the Shelter after the expiration of the current contract.

### CONCLUSIONS

Our audit disclosed that DOH needs to improve WHS compliance with contract terms and laws, establish effective controls over WHS operations and ensure proper levels of accountability. Specifically, we found that:

1. WHS did not comply with certain contract provisions while providing animal control and related services to the District over a 3-year period;
2. DOH certified vouchers for payments totaling \$1.8 million without the proper review of the charges;
3. WHS did not properly record or fully account for the dispensing of controlled substances;
4. WHS violated the Migratory Bird Treaty Act by euthanizing approximately 800 federally protected migratory birds without valid permits to do so;
5. WHS did not have internal controls and accountability over cash receipts and District property; and did not remunerate the District for the correct amount of fees collected at the Shelter for animal adoptions and redemptions, and
6. DOH did not incorporate all necessary contract provisions that relate to providing animal control services.



## EXECUTIVE DIGEST

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### CORRECTIVE ACTIONS

We addressed recommendations to the DOH that represent actions considered necessary to address the concerns described above. The recommendations, in part, identified the need to:

- develop effective procedures to monitor the WHS contract;
- allocate additional resources to monitor the WHS contract;
- properly review invoices prior to certification of payment vouchers;
- create written policies and procedures for the payment processing function;
- adhere to the Migratory Bird Treaty Act requirements; and
- establish accounting controls over cash receipts and property.

Additionally, during the audit we identified issues that warranted management attention regarding contract solicitation and accountability over controlled substances. As such, we issued two Management Alert Reports (MARs) to DOH on contracting for animal control services, MAR No. 01-1-10 (Exhibit 1), and the maintenance of controlled substances, MAR No. 01-A-11 (Exhibit 3). DOH provided formal responses to MAR No. 01-A-10 (Exhibit 2) and MAR No. 01-A-11 (Exhibit 4). DOH's responses to the MARs meet the intent of the recommendations; therefore, no further comments are required on those recommendations.

On November 14, 2001, DOH provided a formal response to the recommendations in the draft report. DOH concurred with the report, its conclusions and its recommendations and stated that it will comply with all recommendations to enhance its oversight of the animal control services in the District of Columbia. We consider DOH's comments and actions taken to be responsive to the audit recommendations. The complete text of DOH's response is included as Exhibit 5. We also received comments to a draft of this report from WHS on October 29, 2001. In its response, WHS stated that communication between WHS and DOH has improved during the course of the audit, which will aid in the implementation of actions to address recommendations made and correct noted deficiencies. The full text of WHS's comments is included as Exhibit 6 to this report.



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# INTRODUCTION

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## **INTRODUCTION**

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### **BACKGROUND**

DOH's Animal Disease Control Division is charged with preventing and controlling the spread of communicable diseases transmitted from animals to humans through timely investigations, referrals, follow-up on cases, enforcement, and animal control services throughout the District. The DOH has contracted with the WHS for the last 20 years to provide services necessary to protect the public from dangerous animals and to avoid from vehicle accidents caused by stray or injured animals. The Animal Disease Control Division is responsible for administering the contract with WHS.

The WHS was chartered in 1870 by the U.S. Congress and has been in continuous operation for over 130 years. The primary mission of WHS, independent of the current contract with the District, is to protect animals in the District from cruelty and harm. In this capacity, WHS works to prevent cruelty to animals by enforcing animal protection laws, educating people about animals, and providing shelter to homeless and abused animals.

WHS operates the Shelter in the District, under contract with DOH, and collects fees from the public for services rendered such as spaying, neutering, adoptions, and redemptions. Under the terms of the contract, the District is to be paid by WHS for all fees collected for adoptions and redemptions of animals from the Shelter. The Shelter is operated 24 hours a day, 7 days a week and WHS responds to as many as 18,000 calls for service per year. During our audit, we observed the environment of the Shelter to be clean and odor free for the animals as well as its patrons.

DOH entered into a 5-year contract (1 base year with 4 option years) with WHS on June 27, 1996. Over the contract period, WHS was paid approximately \$3 million. On June 27, 2001, a new 1-year contract, in the amount of \$1.55 million, was awarded to WHS. DOH plans to issue a competitive solicitation for operation of the Shelter after the expiration of the current contract.

### **OBJECTIVES, SCOPE AND METHODOLOGY**

The objectives of our audit were to determine whether services provided by WHS were in accordance with contract provisions and the requirements of applicable laws, regulations, policies, and procedures. Also, we were to determine whether the District was paid the proper amount of fees collected by WHS for adoptions and redemptions.

The scope of the audit primarily covered transactions from October 1, 1997, to September 30, 2000. To accomplish our objectives, we examined internal controls over cash receipt operations at WHS, which included detailed testing of cash receipt transactions that were randomly selected, and a review of the supporting documents and related records. We reviewed the Shelter's policies and procedures relating to purchasing, storing, inventory control and



## INTRODUCTION

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administering of controlled substances, and we made a general observation of the safety and cleanliness of the Shelter.

Additionally, we were requested by DOH to review the circumstances surrounding issues relating to a statement that was made in a newspaper article on March 21, 2001, and to provide a cursory review of the original contract and the Request for Proposal (RFP) dated April 23, 2001. Finally, we held discussions and conducted interviews with officials of DOH, WHS, and a representative from the United States Fish and Wildlife Service.

We conducted our audit in accordance with generally accepted auditing standards and included such tests as we considered necessary under the circumstances. The audit was performed from January 16, 2001, through August 30, 2001.

## OTHER MATTERS OF INTEREST

DOH requested that we review issues relating to a statement that was made in a newspaper article, "Pets Get Short Leash But Rats Get a Life", dated March 21, 2001. The article stated that personnel from an outside organization have accompanied WHS employees on animal control missions in the District. This practice was referred to as "ride-alongs." DOH officials were concerned that actions taken by WHS with respect to hosting ride-alongs may constitute a contract violation. The officials were concerned that WHS may have been training personnel from outside organizations using District facilities, equipment, or staff. Section C.2.2.3 of the contract with WHS forbids the use of facilities, equipment, and staff for purposes other than those covered in the contract.

This matter was discussed with WHS officials who provided us with ride-along applications and forms. We noted that these forms were prepared by DOH, and therefore, DOH was aware of the existence of the ride-alongs. However, DOH officials told us they did not approve the ride-alongs in the particular incident reported in the news article. As stated above, the contract specifically forbids WHS from participating in activities of this nature. We believe DOH should discontinue the ride-alongs and approve only contract related activities that comply with contract terms and conditions.





**F I N D I N G S**

**&**

**R E C O M M E N D A T I O N S**





## FINDING 1: COMPLIANCE WITH CONTRACT PROVISIONS

### SYNOPSIS

WHS did not always comply with certain contract provisions while providing animal control and related services to the District. Our review of the contract files and related documents revealed instances of non-compliance with various contract terms. In our opinion, WHS exhibited a lack of regard for certain contract provisions and for oversight by DOH. We also determined that the contract had not been properly monitored by DOH. As a result, some of the services provided by WHS were not in accordance with contract terms.

### DISCUSSION

Our review of records and discussions with WHS officials disclosed that WHS was providing services that were not in accordance with contract provisions and was taking actions without the required DOH approvals. This occurred because the DOH contract administrator did not provide adequate oversight over the WHS contract and there were no criteria or procedures developed to effectively monitor the WHS contract. Consequently, there was no assurance that the WHS contract was providing animal shelter services to the District in the most efficient and effective manner and in full compliance with governing laws and regulations. Below are examples of the actions taken by WHS that were not in compliance with contract provisions:

**Blood Donations.** District animal hospitals perform various surgical procedures on a variety of animals housed at the Shelter. When animal blood is needed during surgery or to replace lost blood due to an injury, WHS officials indicated that some animals at the Shelter had been used as blood donors. There was evidence of this during our audit when we observed markings on cages confirming that animals were used for blood donation. Section C.2.2.2 of the contract specifically prohibits using sheltered animals as blood donors, stating: “The bidder shall not – [m]ake available any animal for research or for use as blood donors.”

**Contract Administrator Approvals.** WHS changed staff and staffing patterns at the Shelter without notifying the contract administrator. This action hindered determinations by the contract administrator as to whether the Shelter had adequate staff to perform all the contract requirements. Also, a new computerized record keeping system was implemented without notifying the contract administrator. This resulted in the contract administrator being unable to obtain detailed information related to individual transactions, and/or services provided. WHS officials informed us that the implementation of a computerized system improved their record keeping capabilities and that staff changes were made when necessary. WHS admitted that the changes were made without the approval of DOH.



Section C.3.13 of the contract states, “[a]ny changes in staffing pattern, job descriptions, or personnel shall be approved in writing in advance by the Contract Administrator.” Further, Section C.2.1.23 of the contract provides, “The bidder shall – [r]equest approval from the Contract Administrator of any changes in policies and procedures relating to these services or quantity of services prior to implementation.”

**Timely Reporting.** WHS did not always submit monthly activity reports to the contract administrator in the time specified by the contract. We noted instances identified in the contract administrator’s correspondences to WHS indicating where monthly reports were as much as three months late. For example, monthly reports for October, November, and December 2000 were not submitted until after January 2001. The contract administrator is responsible for compiling statistics on animal control services. DOH could be called upon by the Mayor, City Council, or Congress to report on animal control services within the District and at any given time; therefore, this information should be readily available if requested. Section E.3.3 of the contract provides, “[t]he bidder shall submit a monthly report to the Contract Administrator by the 15<sup>th</sup> day after the end of each month of services regarding its progress towards completion of tasks requirements in the scope of services . . . .”

**Adoption Policy.** WHS officials believe that Pit Bulls are dangerous and have implemented a policy on this specific breed of animal. WHS’s policy is to euthanize surrendered or strayed Pit Bulls, and does not allow these animals to be adopted by its patrons. According to DOH officials, Pit Bulls are not illegal in the District and there are no laws that forbid the adoption of these animals.

During an exit conference with WHS officials they informed us that they believed that DOH officials were in agreement with their position. They further stated that the DOH General Counsel was currently reviewing a bill that would make it illegal to allow pit bulls to be adopted. We confirmed with DOH, that it was their position that until a determination was made to the contrary, it is not illegal to allow the adoption of pit bulls by interested patrons. Inquires made to the DOH General Counsel found that they are not currently reviewing this issue.

Section C.1 of the contract states, “[t]he bidder shall provide animal control and related services as enumerated below, consistent with District requirements and subject to government oversight. Final authority on any animal control matter remains with the District.”

### **Contract Oversight**

The individual serving as the contract administrator for the WHS contract stated that the contract had not been properly monitored because of other collateral duties. The following is a listing of some of the other duties and responsibilities of the contract administrator:

- serves as Chief, Animal Disease Prevention Division;



- directs an animal disease control program designed to accomplish the objectives preventing, controlling, and eradicating animals diseases that are transmissible to man;
- manages a comprehensive West Nile virus surveillance program;
- manages a comprehensive dog license program;
- manages a comprehensive rabies vaccination program; and
- directs and personally participates in carrying out program inspection of animal facilities such as pet shops.

In addition to the contract administrator's numerous responsibilities, we noted that the contract administrator was unfamiliar with all the duties and responsibilities related to contract monitoring; was not fully aware of all the contract terms and conditions; and was not properly trained. The contract administrator also had not maintained specific information required by the contract such as, staff employed at the Shelter, an organizational chart, or documents on the employees certified to perform animal euthanasia. Further, the contract administrator did not have records on employee training, documents to confirm that WHS established a drug-free awareness program, or reports on District-owned vehicles used in daily operations by WHS.

Finally, DOH had not established written criteria for contract monitoring. Written procedures would aid in establishing an organized and professional relationship with the contractor. The contract administrator told us that an office was provided at the Shelter to be used for meetings, document reviews, contract monitoring, etc. However, because of space limitations the arrangement was terminated. The absence of working space for the contract administrator led to a decreased presence by the contract administrator at the Shelter, which could have contributed to WHS not adhering to some of the contract provisions.

Section F.7.2 of the contract states, "[t]he bidder shall provide the Contract Administrator and or Contract Monitor and other authorized representatives of the District, such access to its facilities, records, and staff as may be necessary for monitoring purposes." Title 27 DCMR § 4099 Definitions provides that the, "Contract Administrator [is] authorized by the contracting officer to perform all actions necessary to verify whether supplies, services, or construction conform to contract quality requirements." Also, Section F.7.1 of the contract states, "The District shall monitor the performance of the contract requirements as set forth in the in the [sic] contract."

Prior to the issuance of this report, we held discussions with DOH officials and were informed that a more cooperative relationship now exists between DOH and WHS. WHS officials also provided us a Memorandum of Understanding (MOU), dated June 26, 2001, which addresses some of the concerns initially raised by DOH. In our opinion, the MOU may help to improve the working relationship between the two parties.



## **CONCLUSION**

WHS did not always adhere to all contract provisions, which resulted in criticism and concern from the contracting agency, DOH, and in some instances, from the citizens of the District. DOH needs to adequately monitor the contract. We believe that strict adherence to contract provisions by WHS and effective contract monitoring will ultimately result in WHS providing improved animal control services to the citizens of the District, in full compliance with contract terms and District regulations.

## **RECOMMENDATION NO. 1**

We recommended that the Director, DOH consider hiring a contract administrator to oversee the contract or reduce or realign responsibilities of the current contract administrator to permit adequate contract oversight.

## **DOH RESPONSE**

DOH concurred with the report, its conclusions and its recommendations and stated that it will comply with all recommendations to enhance its oversight of the animal control services in the District of Columbia.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

## **RECOMMENDATION NO. 2**

We recommended that the Director, DOH develop written criteria or procedures to effectively monitor the WHS contract.

## **DOH RESPONSE**

See DOH response to recommendation number 1.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



### **RECOMMENDATION NO. 3**

We recommended that the Director, DOH periodically monitor the effectiveness of contract administration of the WHS contract.

#### **DOH RESPONSE**

See DOH response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

### **RECOMMENDATION NO. 4**

We recommended that the Director, DOH arrange with WHS to have adequate working space made available to the contract administrator and other DOH personnel that oversee the WHS contract.

#### **DOH RESPONSE**

See DOH response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



## **FINDING 2: INTERNAL CONTROLS FOR PROCESSING PAYMENTS**

### **SYNOPSIS**

DOH needs to improve its internal accounting controls for reviewing invoices and processing payments. Over a 3-year period, DOH certified vouchers for payment totaling \$1.8 million without a proper review of the supporting documents. Internal accounting controls were not effective because DOH had not routinely reviewed source documents that supported the transactions made at the Shelter. Additionally, DOH had not established written policies and procedures over the payment processing function. As a result, DOH could not assure us that all payments to the contractor were proper and in the correct amount for the actual services provided.

### **DISCUSSION**

Our review showed that internal controls were not in place to provide assurance that payments DOH made to WHS were for services required by the contract and in the proper and correct amounts. Deficiencies in the process for reviewing invoices and the lack of effective written policies and procedures contributed to these conditions.

#### **Review of Invoices**

The audit disclosed that over a 3-year period, a DOH program official certified vouchers for payments that totaled \$1.8 million without a sufficient review of the invoices. DOH had not reviewed any source documents that support the transactions made at the Shelter. WHS submits invoices to DOH on a bi-weekly basis. Invoice charges are based on a per diem rate set by the contract multiplied by the number of days in the billing cycle. From that amount (days x per diem rate), WHS credits DOH with amounts collected for animal adoptions, redemptions (reclamations of lost animals) and other collections. The net amount (charges less credits) is the amount due and payable to WHS. WHS does not submit copies of receipts or other documentation to support the credits listed on the invoice.

A proper review of the invoices would require a review of the receipts, and any other supporting documents for each transaction (i.e., adoptions, redemptions, medical services, etc.) that occurred during a two-week billing period at the Shelter. DOH officials informed us that the contract administrator was responsible for reviewing the invoices submitted by WHS (on a bi-weekly basis) for accuracy and for certifying the corresponding voucher for payment. The contract administrator admitted to us that the invoices were not properly reviewed due to time constraints and the preponderance of other duties and responsibilities. Remedies addressing the contract administrator inability to effectively monitor the contract are discussed in Finding 1.



## **Policies and Procedures for Processing Payments**

Mayor's Memorandum 83-68, dated November 29, 1983, provides guidelines to the District's agencies and departments for document processing, pre-audit, and other internal control mechanisms necessary to assure that expenditures charged against the D.C. Government are proper and supportable.

Section C. of the Mayor's Memorandum provides: existing internal controls should be reviewed for assurance that every phase of the certification process will function properly. For example:

1. assurance of the legality of proposed charges under an appropriation or fund;
2. assurance that material and services are received as ordered and billed;
3. assurance that distribution of charges are properly recorded and related liabilities are accurately established and processed for payment within a time frame that maximizes benefit to the District; [and]
4. assurance that filing systems will provide convenient accessibility to every certified voucher and its supporting documentation as well as to records of original and subsequent entry into FMS . . . .

Further, Section F.1.5 of the contract provides: "[t]he Contract Administrator shall certify the Bidder's invoices, which constitutes the District's acknowledgment of the receipt of satisfactory services."

DOH had not established written policies and procedures for processing payments. Written policies and procedures are necessary to establish guidelines for personnel involved in day-to-day payment processing activities. Policies and procedures are also necessary to ensure consistency in the performance of these activities by personnel, to clearly define duties and responsibilities, and to ensure a uniform interpretation of the policies and procedures used.

## **CONCLUSION**

DOH needs to strengthen and maintain an internal control system to ensure that assets are safeguarded; resources are efficiently and effectively managed; transactions are properly authorized; and policies and procedures are adhered to. Due to the large dollar amount of funds (approximately \$ 600,000 per year) paid by the District for animal control services, improvements of DOH's internal accounting controls are necessary.



#### **RECOMMENDATION NO. 5**

We recommended that the Director, DOH establish a procedure to ensure that documentation to support WHS's bi-weekly invoices are reviewed on a routine basis.

#### **DOH RESPONSE**

See DOH response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

#### **RECOMMENDATION NO. 6**

We recommended that the Director, DOH establish written policies and procedures over the payment processing function.

#### **DOH RESPONSE**

See DOH response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



### **FINDING 3: MAINTENANCE OF CONTROLLED SUBSTANCES**

#### **SYNOPSIS**

A review of the Shelter's inventory records for controlled substances revealed that the Shelter did not properly record or fully account for the dispensing of controlled substances used in daily operations. We determined that established written standard operating procedures and guidelines for dispensing controlled substances, in addition to the existing laws and regulations; had not been provided to WHS by DOH. Also, DOH did not comply with D.C. Law 4 -29, District of Columbia Uniform Controlled Substance Act of 1981 and issued a Certificate of Licensure to WHS to dispense controlled substances without first determining if the Shelter maintained proper inventory records. Furthermore, DOH could not provide us documentation to show that site visits had been conducted or reviews had been made of the Shelter's inventory records, although licenses have been issued to WHS for many years. As a result, WHS could not ensure that all controlled substances ordered, received, and consumed at the Shelter were accounted for.

The Shelter is charged with fostering animals, treating ill or injured animals, and euthanizing animals that have been determined un-adoptable. In addition, the Shelter is required to take the necessary measures to offer reasonably healthy animals for adoption to the public. In association with these activities, the Shelter dispenses at least three controlled substances:

1. Sodium Pentobarbital - used to euthanize animals;
2. Ketamine - used to sedate and immobilize animals; and
3. Torbutrol - used to treat animals in extreme pain.

As a part of our audit, we reviewed the Shelter's current inventory records for the dispensing of controlled substances to ensure that proper control and accountability was being maintained. We also reviewed applicable governing criteria regarding the management and use of controlled substances.

#### **DISCUSSION**

Our review showed that the Shelter did not properly record or fully account for controlled substances used in daily operation. Inventory records of controlled substances were poorly maintained, compliance with applicable laws was not always achieved and that the standards of operating procedures developed by DOH were not made available to WHS.



## **Inventory**

Procedures and practices followed by the Shelter were deficient to the extent that there was no assurance that accountability for controlled substances was maintained. Our review of the Shelter's inventory records disclosed that the Shelter did not properly record or fully account for the dispensing of controlled substances used in daily operations. We examined the WHS log that was used to document the dispensing of controlled substances. The log listed the date, the animal intake number, type of animal, sex, type and amount of substance dispensed and initials of the administering employee. However, this information (controlled substance usage) was not recorded or reconciled to any other WHS record. As a result, WHS could not ensure that all controlled substances ordered and received at the Shelter were accounted for. Records show that over a three year period WHS purchased approximately \$18,000 of controlled substances.

Additionally, the Shelter did not use a perpetual inventory system; therefore, beginning inventory amounts could not be determined. Consequently, on the date of our review, the Shelter Administrator could not determine or provide us with the amount of inventory on hand, or account for all controlled substances ordered, received, and consumed at the Shelter. The records provided to us showed that no periodic inventory count had ever been taken, although a new inventory count must be taken at least every 2 years (21 C.F.R. § 1304.11(c)).

Lastly, our review determined that various controlled substances were recorded on one inventory sheet. However, controlled substances of different types must be recorded on a separate inventory record (21 C.F.R. § 1304.04(f)(1)). The distributions of Ketamine, specifically used by WHS Animal Control Officers, had not been recorded on any inventory sheets.

## **DOH Compliance with Laws**

DOH did not comply with D.C. Law 4-29, District of Columbia Uniform Controlled Substance Act of 1981 (D.C. Code § 33-501-33-585). Specifically, DOH issued a Certificate of Licensure to WHS to dispense controlled substances without first determining that the Shelter maintained proper inventory records and established adequate controls to safeguard controlled substances against theft, pilferage, or other diversions.

The Drug Enforcement Administration (DEA) issues a registration certificate to dispense controlled substances to an entity, contingent upon the entity complying with applicable state and local laws. Therefore, if the license is approved by DOH, it is approved by DEA.

DOH's Bureau of Food Drug and Radiation Protection (BFDRP) is responsible for annually issuing a Certificate of Licensure for the dispensing, prescribing, or handling of controlled substances. Officials of BFDRP informed us that the Department of Consumer and Regulatory Affairs (DCRA) issued licenses annually to WHS before 1998, after which the function was transferred to DOH. BFDRP could not provide us any documentation to indicate



that DOH or DCRA conducted site visits or made reviews of the Shelter's inventory records. Notwithstanding the lack of site reviews by DOH or DCRA, licenses have been issued to WHS for many years.

### **Standard Operating Procedures**

DOH had established written standard operating procedures and guidelines for dispensing controlled substances in addition to the existing laws and regulations. The procedures were established in September 1998 by the DOH Preventive Health Services Administration, and require proper documentation of the dispensing of controlled substances, including information such as the date, the amount used, and the reason for use. However, the standard operating procedures had not been provided to WHS by DOH. We discussed these deficiencies with DOH officials, who agreed that due to an oversight, WHS had not been provided with applicable governing policies and procedures.

The following regulations govern the control and accountability of controlled substances:

- 21 C.F.R. § 1304.04 requires that inventories and records of controlled substances listed in Schedules I and II shall be maintained separately from controlled substances listed in Schedules III, IV, and V.
- 21 C.F.R. § 1304.11 requires that an initial inventory of controlled substances be taken on the first date dispensed, and that a new inventory be taken at least every 2 years. Also, that different schedules (types) of controlled substance must be recorded and maintained on separate inventory records.
- Title 22 DCMR, Chpts. 10 and 15, provide for the registration of dispensers of controlled substances, and inspections, audits of records, and physical inventories, respectively.
- D.C. Code, 2001 Ed. § 48-903(a) provides, in part, that:

[t]he Mayor shall register an applicant to manufacture, distribute, or dispense controlled substances ... unless the Mayor determines that the issuance of that registration would be inconsistent with the public interest. In determining the public interest, the Mayor shall consider the following factors: (1) Maintenance of effective controls against diversion of controlled substances into other than legitimate medical, scientific, or industrial channels . . . . Id. § 33-533(a)(1)

### **RECOMMENDATION NO. 7**

We recommended that the Director, DOH, take action to ensure that WHS immediately establish and maintain a perpetual inventory system.



## **DOH RESPONSE**

DOH concurred with this recommendation. DOH stated in its response that on March 29, 2001, the WHS instituted a “Controlled Substance Log” and the “Euthanasia Log” for the handling of controlled substances.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

## **RECOMMENDATION NO. 8**

We recommended that the Director, DOH, take action to ensure that WHS is provided with applicable laws, regulations, policies, and procedures for dispensing controlled substances.

## **DOH RESPONSE**

DOH concurred with this recommendation. DOH stated in its response that it has provided WHS all applicable laws, regulations, policies, and procedures for dispensing controlled substances

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

## **RECOMMENDATION NO. 9**

We recommended that the Director, DOH, take action to ensure that WHS is routinely monitored to ensure compliance with laws, regulations, policies, and procedures for dispensing controlled substances.

## **DOH RESPONSE**

DOH concurred with this recommendation. DOH stated in its response that they will conduct routine monitoring visits at WHS to ensure compliance with laws, regulations, policies, and procedures for dispensing controlled substances.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



## **RECOMMENDATION NO. 10**

We recommended that the Director, DOH, take action to ensure that the BFDRP establish formal procedures that would include periodic site visits to ensure that facilities have effective controls in place for dispensing controlled substances.

### **DOH RESPONSE**

DOH concurred with this recommendation. DOH stated in its response that on April 26, 2001, the Bureau of Food, Drug, and Radiation Protection Pharmacy Control Division changed its policies and procedures to require all animal shelter facilities to have inspections conducted on an annual or as needed basis to ensure effective controls are in place over the dispensing of controlled substances.

### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



## **FINDING 4: COMPLIANCE WITH THE MIGRATORY BIRD TREATY ACT**

### **SYNOPSIS**

WHS violated the Migratory Bird Treaty Act (the Act) by capturing, rescuing, or receiving, and subsequently euthanizing, approximately 800 federally protected migratory birds without a valid permit to do so. DOH and WHS officials informed us that they were both unaware that a permit was required. Consequently, WHS faced criminal prosecution, admitted violating the Act, and offered to plead guilty to one misdemeanor count of violating the Act. On March 29, 2001, WHS entered into a plea agreement with the U.S. Attorney's Office, in which they agreed to participate in extensive training of all of its animal control employees to ensure proper handling of migratory birds. The unlawful killing of protected species of birds also increases the risk of their extinction and distorts WHS's public image.

In 1916, The United States signed a treaty with Great Britain (on behalf of Canada) for the protection of the many species of birds, which in their annual migration traverse certain parts of the United States and Canada. In 1918, Congress implemented the treaty with Great Britain by passing the Act. The Act requires the United States to preserve and protect migratory birds. In this capacity, WHS animal control officers are responsible for capturing wounded, stray, or stranded birds. At times, this responsibility extends to migratory birds. However, a permit, obtained from the Department of the Interior, is needed for the handling of migratory birds.

### **DISCUSSION**

During a 3-year period covered by our audit, WHS animal control officers handled approximately 800 migratory birds without the required permit to do so. Many of the birds were captured alive, and may have been sick or injured. However, all were ultimately euthanized.

Title 16 USC § 703, the Migratory Bird Treaty Act provides:

[u]nless and except as permitted by regulations made as hereinafter provided in this subchapter, it shall be unlawful at any time, by any means or in any manner, to pursue, hunt, take, capture, kill, attempt to take, capture, or kill, possess, offer for sale, sell, offer to barter, barter, offer to purchase, purchase, deliver for shipment, ship, export, import, cause to be shipped, exported, or imported... any migratory bird included in the terms of the conventions between the United States and [other nation]s for the conservation of migratory birds and their environments. . . .

The permit is obtained from the U.S. Secretary of Interior and authorizes the permittee or the subpermittees to:



- rescue, capture, receive, temporarily possess, and care for sick/injures/orphaned migratory birds for transport to licensed rehabilitator, and
- salvage and transport birds found dead, in which the permittee had no part in the death

Although WHS faced criminal prosecution, the responsibility of obtaining a permit belonged to DOH, the contracting agency. Neither DOH nor WHS officials knew that the permit was required to handle the federally protected species of birds.

Prior to the completion of our fieldwork, DOH obtained the required permit for WHS. In addition, on August 21, 2001, WHS participated in training on the handling of migratory birds which was sponsored by officials of the U. S. Fish and Wildlife agency.

#### **RECOMMENDATION NO. 11**

We recommended that the Director, DOH periodically review WHS records to ensure WHS is in full compliance with and is adhering to the terms of the Migratory Bird Treaty Act.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

#### **RECOMMENDATION NO. 12**

We recommended that the Director, DOH coordinate activities with WHS to ensure that training programs have been established for all animal control employees on the proper handling of migratory birds in accordance with plea agreement with the U.S. Attorney's Office.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



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## **FINDING 5: CONTROLS OVER CASH RECEIPTS AND PROPERTY AT THE ANIMAL SHELTER**

### **SYNOPSIS**

There are no internal controls in effect at the Shelter to ensure proper accountability over cash receipts and District property. The lack of controls was caused by WHS's failure to maintain records and enforce procedures in accordance with contract provisions and consistent with generally accepted accounting principles or prudent business practices. WHS also did not maintain any records on District owned property used in daily operations. As a result, there is a significant risk of undetected theft or loss of District funds or property.

WHS is responsible for collecting fees from the public for animal control related services that include adoptions and redemptions (reclamation of lost animals), spaying and neutering, and medically related procedures. When the fees are collected, the patron is given a copy of a receipt from a receipt book. The receipt books are maintained as supporting documentation for the transaction, and for the amount of funds collected.

Section F.6 of the contract provides: "[t]he Bidder shall maintain an accounting system which conforms with generally accepted accounting principles which will permit an audit of all income and expenditures received or disbursed by the Bidder in the provision of services under this contract."

### **DISCUSSION**

We found that essential internal controls were lacking for the accountability of cash receipts, and District owned property provided to the Shelter. The Shelter did not maintain cash receipts records or account for District owned property in accordance with generally accepted accounting principles (GAAP).

#### **Controls Over Cash Receipts**

Our review of the receipt books revealed that the customer receipts were used out of sequence, and that more than one receipt book was being used simultaneously to document daily transactions. The use of receipts out of sequence or the use of more than one receipt book may contribute to an undetected theft of funds.



The Shelter uses pre-numbered receipts to control and account for each transaction and the amount of funds collected. The receipt is prepared in triplicate. One is given to the customer and two are maintained by WHS. Although all receipts were accounted for, we found instances where starting and ending receipt numbers did not follow the correct chronological sequence. For example, we noted that on March 5, 1998, the ending receipt number was 8200. However, on March 6, 1998, the beginning receipt number was 5050 instead of 8201.

The Shelter does not maintain a cash receipts journal or reconcile daily amounts collected. GAAP would require that a cash receipts journal be used to record the amount each transaction, and, that the daily collections be reconciled to the general ledger monthly. Currently the Shelter uses a drop safe to maintain and account for cash receipts instead of a cash register. A cash register with a continuous receipted tape could provide greater control and accountability over the funds collected at the time the transaction occurs.

### **Fees Collected for the District**

WHS may not have remunerated the District for the correct amount of fees collected at the Shelter for animal adoptions and redemptions. This was mainly due to the lack of accounting controls over cash collections at the Shelter. We determined that the District may have been incorrectly paid for specific fees (animal adoptions and redemptions) collected by WHS on the District's behalf. Payments to the District are in the form of credits deducted from WHS's bi-weekly invoices.

Data to identify the amounts for redemptions made by WHS for the period under review were not readily available. Therefore, we used WHS's "Statistical Report of Animals Handled" which reported 6,111 adoptions were made during 3-year period between fiscal years 1998 to 2000. Based on this data, the District should have been remunerated \$61,110 (\$10 for each adoption). The records also show that 3,295 redemptions were made (over the same period). Based on an average fee of \$40 for each redemption, (redemption fees range from \$10 to \$50) we estimated that the District should have received \$131,800, for a total of \$192,910. However, actual amounts remunerated by WHS's to the District for adoptions and redemptions during the 3-year period covered by our audit was \$116,264; a difference of \$76,646.

WHS officials stated that the figures used to calculate remunerations included animals, which were returned to their owners without a fee being charged (non-redemption fees) and also included animals for which redemption fees are not charged. Additionally, using a weighted average of \$40 per redemption may skew the amounts calculated as due to the District. Actions taken on the recommendation made in this report should resolve any differences in amounts that may be due to the District.



## **District Property**

DOH provided WHS with various equipment to aid in the day-to-day operations of the Shelter. We determined that DOH did not maintain a listing of District owned property used at the Shelter. Therefore, we could not determine properties owned by the District. Without maintaining a listing of District owned property, at the end of the contract period there would not be a listing to account for the ownership of property. DOH should perform periodic inventories to reflect additions and deletions of property provided to the Shelter.

Also, WHS is responsible for maintaining an accounting system that conforms to GAAP and is responsible for District owned property. The contract states that good business practices would encompass the proper use and maintenance of accounting records, as well as inventory records. Prudent business practices also would require that a record of District owned property be maintained.

## **RECOMMENDATION NO. 13**

We recommended that the Director, DOH require WHS to maintain an accounting system that is in accordance with GAAP.

## **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

## **RECOMMENDATION NO. 14**

We recommended that the Director, DOH require that transactions are executed in the correct chronological and numerical sequence.

## **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

## **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



#### **RECOMMENDATION NO. 15**

We recommended that the Director, DOH require WHS to record the daily cash receipts into a cash receipts journal.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

#### **RECOMMENDATION NO. 16**

We recommended that the Director, DOH require WHS to reconcile daily cash receipts at end of month with balances shown in the general ledger.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.

#### **RECOMMENDATION NO. 17**

We recommended that the Director, DOH review WHS cash receipt records on animal adoptions and redemptions, for the 3-year period of the audit, and determine how much, if any, funds may be due to the District.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



#### **RECOMMENDATION NO. 18**

We recommended that the Director, DOH conduct an inventory of all District owned property at WHS, maintain an inventory of the property provided to WHS and periodically update the inventory to reflect additions and deletions of property provided to WHS.

#### **DOH RESPONSE**

DOH concurred with this recommendation. See DOH's response to recommendation number 1.

#### **OIG COMMENT**

The actions planned and taken by DOH should correct the conditions noted.



## **FINDING 6: CONTRACTING FOR SERVICES**

### **SYNOPSIS**

During our review of the original contract, we noted that the contract provisions did not adequately address the needs of the District as it relates to providing animal control services. Specifically, the contract provisions did not effectively address access to contractor databases and systems to permit monitoring of contractors' performance and did not contain a dispute clause, along with other deficiencies. We were unable to determine with certainty the reason contract lacked all the necessary provisions. However, we believe one reason may have been that DOH was not totally cognizant of all of the requirements necessary to provide these services to the District. As a result of the contract being poorly written, DOH's ability to adequately monitor WHS's performance and operations was impaired.

The DOH entered into a 5-year contract (1 base year with 4 option years) with WHS on June 27, 1996. The contract called for WHS to assist the public in the District of Columbia with animal related problems and to protect the public from animal related diseases. These services are legislated and mandated by D.C. Law 3-30, Animal Control Act and D.C. Law 7-176, Dangerous Dog Act.

The original contract with WHS expired on June 26, 2001. A new 1-year letter contract (#POHC-2001-C-0023) in the amount of \$1.550 million was awarded to WHS on June 27, 2001. DOH plans to issue a competitive solicitation for these services after the expiration of the current contract.

### **DISCUSSION**

We reviewed the original and the current contracts for clarity, completeness, and consistency with District laws. Based on a limited review of the contracts, we found that neither of the two contracts adequately addressed certain contract provisions. Each of these is discussed below.

#### **Dispute Clause**

When disagreements or disputes occur over contract terms, the contract should identify how the contractor shall operate until a final determination is made by DOH. We noted that WHS officials and the contract administrator had a dispute over an office that was provided at the Shelter for DOH to be used for meetings, document reviews, and contract monitoring etc. Another dispute regarding WHS's policy on "Pit Bulls" is currently under review by the General Counsel. A dispute clause gives guidance when disagreements or disputes occur over contract terms, and it identifies how the contractor shall continue to operate until a final determination is made by the contracting agency (DOH).



## **Database Access**

The contract does not have a provision that WHS should maintain its systems in such a way that it allows DOH free and open access to all data systems at all times. We believe that the WHS contract should be amended to permit immediate access to any database used by the contractor. WHS implemented a computerized system without the approval of or input from DOH. As a result, the contract administrator did not know how to access or operate Shelter's computerized system.

## **Transaction Requirements**

Monetary transactions occur between patrons of the Shelter for adopting animals, redeeming lost animals, and for various medical services for animals. Patrons must have the exact amount of money to pay for the service, because the policy of WHS is that the Shelter does not provide change for transactions. DOH must amend the contract to require the contractor to give change for services rendered, or accept credit and debit cards as payment. Currently, the customer will either come back later (with the correct amount) or be asked to donate the change to WHS.

## **Cruelty Determinations**

There were instances where stray animal were picked up by an animal control officer or a report was made by a citizen of possible cruelty to an animal, after which the determination of cruelty was made without the contract administrator being notified. A determination of animal cruelty results in the animal being transferred to another facility. The facility and the services provided are not covered under the contract, and, the transfer causes confusion with some WHS patrons (District residents) who may not be aware of the transfer. DOH should amend the contract to require the contractor to notify and obtain approval from the contract administrator for the transfer of stray animals to the Georgia Avenue facility in instances where a cruelty issue has been determined.

## **Reporting of Biting Incidents**

Because of the urgency associated with the potential for rabies from animal bites, reports of District citizens being bitten by an animal capable of transmitting rabies (skunks, squirrels, rats, bats and any other non-domesticated animal) must be forwarded to the appropriate hospital, Shelter/WHS and District authorities expeditiously. There was an incident where a District resident was bitten by a bat and the contract administrator was not contacted immediately. When an animal such as a bat bites a human, the animal is tested for rabies immediately. The contract administrator is responsible for following-up on all non-domestic animal bites that occur in the District. The contract administrator would have been in contact with the resident and followed-up with the outcome of rabies test performed on the animal. Rabies is a life threatening disease. Treatment protocol for rabies require the administration of a series of rabies vaccinations within a limited time space after the victim has been bitten by a rabid animal. Prompt identification and notification of such incidents are paramount to protect District residents from such danger.



## **RECOMMENDATION NO. 19**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services contains a dispute clause (when disagreements or disputes occur over contract terms, the contract should identify how the contractor shall operate until a final determination is made by DOH).

### **DOH RESPONSE**

DOH concurred with this recommendation and has implemented internal policy changes that conform to the recommendations and has worked with the Office of Contracting and Procurement in redrafting the Statement of Work. See Exhibit 2 for the complete text of the DOH response.

### **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 20**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services provides for a computer linkage that will allow DOH immediate access to any database used by the contractor.

### **DOH RESPONSE**

DOH concurred with this recommendation and has required the contractor to provide remote computer access to the animal services database for monitoring purposes and generating reports. Additionally, the contractor has agreed to train Contracting Officer Technical Representative (COTR) in the record and file access and reporting functions of the system. See Exhibit 2 for the complete text of the DOH response.

### **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 21**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services requires the contractor to give change for services rendered, or accept credit and debt cards as payment.



## **DOH RESPONSE**

DOH concurred with this recommendation and now requires the contractor to give change or accept debit or credit cards for services rendered. See Exhibit 2 for the complete text of the DOH response.

## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations

## **RECOMMENDATION NO. 22**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services prohibit the contractor from implementing policies and procedures that are inconsistent with District laws, rules, or regulations.

## **DOH RESPONSE**

DOH concurred with this recommendation. The current contract for animal control services does not allow for the contractor to implement any policies and procedures that are inconsistent with District law, rule, or regulation. See Exhibit 2 for the complete text of the DOH response.

## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 23**

We recommended that the Director, DOH take necessary measures to require the contractor to notify and obtain approval from the contract administrator for the transfer of stray animals to the Georgia Avenue facility in instances in which a cruelty issue has been determined.

## **DOH RESPONSE**

DOH concurred with this recommendation. The current contract for animal control services requires the contractor to notify and obtain approval from the contract administrator for the transfer of stray animals to the Georgia Avenue facility in instances in which a cruelty issue has been determined. See Exhibit 2 for the complete text of the DOH response.



## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 24**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services always clearly detail the Contract Administrators' authority, duties, and responsibilities.

## **DOH RESPONSE**

DOH concurred with this recommendation. The current contract for animal control services clearly details the Contract Administrators' authority, duties, and responsibilities. See Exhibit 2 for the complete text of the DOH response.

## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 25**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services requires volunteer staff to coordinate with DOH officials prior to communicating with the media.

## **DOH RESPONSE**

DOH concurred with this recommendation. The current contract for animal control services prohibits volunteers from responding to inquiries from the media, attorneys, or other governmental offices. See Exhibit 2 for the complete text of the DOH response.

## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.

## **RECOMMENDATION NO. 26**

We recommended that the Director, DOH take necessary measures to ensure that the contract for animal control services establishes specific periods for the contractor to report test results of biting incidents to the Contract Administrator.



## **DOH RESPONSE**

DOH concurred with this recommendation. The current contract for animal control services requires the contractor to forward a copy of all bite reports to the COTR within 24-hours. See Exhibit 2 for the complete text of the DOH response.

## **OIG COMMENT**

In our opinion, the actions taken or planned by DOH meet the intent of the recommendations.



# EXHIBITS

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## EXHIBITS

### Exhibit 1: Management Alert Report Regarding Contracting for Animal Control Services

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GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Office of the Inspector General

Inspector General



April 24, 2001

Ivan C.A. Walks, M.D.  
Director  
Department of Health  
825 North Capitol Street N.E., Suite 4400  
Washington, D.C. 20002

Dear Dr. Walks:

The purpose of this Management Alert Report (MAR No. 01-1-10) is to bring to your immediate attention the need for the Department of Health (DOH) to address deficiencies identified during our review of its Statement of Work for the Comprehensive Animal Control Services Contract. These deficiencies were identified during our current audit of the Washington Humane Society (WHS). The objectives of our audit are to determine whether services provided by WHS are in accordance with contract provisions and the requirements of applicable laws, regulations, policies, and procedures. This audit is being performed as a part of our fiscal year 2001 Audit Plan.

**Background.** The DOH entered into a 5-year contract (1 base year with 4 option years) with WHS on June 27, 1996. The contract calls for the WHS to assist the public in the District of Columbia with animal-related problems and to protect the public from animal related diseases. Additionally, the contract requires the WHS to operate and maintain an animal shelter facility owned by the District, in a safe, sanitary, humane, and orderly manner. Finally, contract provisions require the contractor to comply with District laws and regulations.

**Discussion.** The contract with WHS for animal control services will expire on June 26, 2001. The DOH plans to issue a request for proposal (RFP) on April 23, 2001, to ensure continuity of services. As part of our audit, we reviewed the RFP for clarity, completeness, and consistency with District laws.

Based on a cursory review of the RFP, we found that the solicitation does not adequately address certain contract provisions, which in our opinion, could negatively affect DOH's ability to monitor the contractors' performance and operations. In summary, our review found that the solicitation did not always properly address contract provisions or could have stated the provisions in a more effective manner. Specifically, the current solicitation does not:



## EXHIBITS

### Exhibit 1: Management Alert Report Regarding Contracting for Animal Control Services

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April 24, 2001  
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- 1) contain a dispute clause (when disagreements or disputes occur over contract terms, the contract should identify how the contractor shall operate until a final determination is made by DOH);
- 2) provide for a computer linkage that will allow DOH immediate access to any database used by the contractor;
- 3) require the contractor to give change for services rendered, or accept credit and debt cards as payment;
- 4) prohibit the contractors from implementing policies and procedures that are inconsistent with District laws, rules, or regulations;
- 5) require the contractor to notify and obtain approval from the contract administrator for the transfer of stray animals to the Georgia Avenue facility in instances in which a cruelty issue has been determined;
- 6) always clearly detail the Contract Administrators' authority, duties, and responsibilities;
- 7) require volunteer staff to coordinate with DOH officials prior to communicating with the media; and
- 8) establish specific periods for the contractor to report test results of biting incidents to the Contract Administrator.

We discussed these deficiencies with DOH officials on April 10, 2001.

**Recommendations.** We recommend that the Director of DOH ensure that the RFP contains language to adequately address the issues described in items 1 – 8 above.

**Closing.** Please provide actions taken in respect to the recommendation, and reason(s) for any disagreements with the recommendation. Please provide your response by May 4, 2001, so that your comments can be included in our final report on the operations at the WHS.

Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.



## EXHIBITS

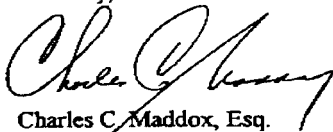
### Exhibit 1: Management Alert Report Regarding Contracting for Animal Control Services

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Should you have questions concerning this report or desire an exit conference before preparing your response, please call me or William J. DiVello, Assistant Inspector General for Audits, at 727-2540.


Sincerely,



Charles C. Maddox, Esq.  
Inspector General

CM/cj

Enclosure

cc: The Honorable Anthony A. Williams, Mayor of the District of Columbia  
Mr. John A. Koskinen, Deputy Mayor and City Administrator  




## EXHIBITS

### Exhibit 2: DOH Response to Management Alert Report Regarding Contracting for Animal Control Services

Government of the District of Columbia  
Department of Health

Office of the Chief Operating Officer



**MEMORANDUM**

TO: William J. DiVello, CFE  
Assistant Inspector General for Audits

FROM: [REDACTED]

DATE: May 10, 2001

SUBJECT: Management Alert Report

This memorandum is in response to concerns brought to my attention in your April 24, 2001, Management Alert Report (MAR No. 01-1-10) relating to deficiencies in the Statement of Work for the Comprehensive Animal Control Contract. Please be advised that the Department of Health (DOH) has implemented internal policy changes that conform to your recommendations and has worked with the Office of Contracting and Procurement (OCP) in redrafting the Statement of Work also in conformance with your recommendations.

Listed below are eight recommendations referenced in MAR No. 01-1-10, each followed by DOH's response as outlined below:

1. contain a dispute clause to address when disagreements or disputes occur over contract terms, the contract should identify how the contractor shall operate until a final determination is made by DOH.
- C.3.5.20 All disputes arising under or relating to this Contract shall be resolved in accordance with Section J.1 Provision 18, Disputes<sup>1</sup>
2. provide for a computer linkage that will allow DOH immediate access to any database used by the contractor.

<sup>1</sup> It is acknowledged that this provision differs from the precise language recommended by your office. The final decision regarding language in this section was made by the OCP which opted to use a standardized contract provision rather than the precise language included in your recommendation.



## EXHIBITS

### Exhibit 2: DOH Response to Management Alert Report Regarding Contracting for Animal Control Services

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- C.3.23.3** The Contractor shall provide remote computer access to the animal services database and server used to track animals at the Animal Care and Control Facility to the COTR, or, designee, within one (1) week of contract award. The COTR shall have access to the data base for **monitoring purposes and generating reports. The Contractor shall train the COTR in record and file access and reporting functions in accordance with Section 1.6.**
3. require contractor to give change for services rendered, or accept credit and debit cards as payment;
- C.3.5.10** The Contractor shall collect and deposit all District fees, such as adoptions, redemptions, board, license fees, and other into a separate bank account. **The Contractor shall submit a check to the Controller's Office for the total District fees collected during the previous month, along with a detailed spreadsheet listing all the transactions from that month, before the tenth day of the next month. The Contractor shall provide a copy of the spreadsheet to the COTR. The Contractor shall conduct all financial transactions in accordance with legal and District requirements. The Contractor shall give change or accept credit and debit card[s] for services rendered. The Contractor shall establish and maintain a cashier function per procedures provided by the Controller's Office ten (10) days after contract award. The COTR will provide the District fee schedule within ten (10) days after the contract award. The Contractor shall submit a sample of the spreadsheet to the COTR within ten (10) days after the contract award. The COTR will approve the spreadsheet within ten (10) days of submission.**
4. prohibit contractors from implementing policies and procedures that are inconsistent with District laws, rules, or regulations
- C.3.5.19** The Contractor shall not implement any policies or operating procedures under this contract that are not current District law, rule, or regulation.
5. require the contractor to notify and obtain approval from the contract administrator for the transfer of stray animals to the Georgia Avenue facility in instances in which a cruelty issue has been determined
- C.3.5.1** The Contractor shall only impound animals under the Animal Control Act, in accordance with C.1.2, under the contract. Only animals impounded under the Animal Control Act shall be housed at this District facility. No animals shall be transferred to any other facility or entity, other than through adoption, redemption, euthanasia, or foster home or breed placement group without prior written approval of the Contracting Officer's Technical Representative (COTR). If and when animals are impounded under this contract and cruelty becomes an issue, the animal



## EXHIBITS

### Exhibit 2: DOH Response to Management Alert Report Regarding Contracting for Animal Control Services

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cannot be transferred to any other facility without the advanced determination of cruelty and advance written approval of the COTR with no exceptions. DOH shall provide an advanced written agreement approval to the transfer of custody of the animal to a humane organization within two (2) days of submission;

C.3.6.2 The Contractor shall have no responsibility for, and shall not enforce, the provisions of the D.C. Cruelty to Animals Act, D.C. Code §22-801, et seq., while performing the requirements under the contract, except when the Contractor impounds an animal that is determined to be a cruelty case. In this event the animal shall not be transferred to any other facility without a written cruelty determination and written approval for transfer by the COTR. The COTR will provide approval within two (2) days of submission.

6. always clearly detail the Contract Administrator's Authority duties, and responsibilities.

G.7.1 The COTR is responsible for general administration of the contract and advising the Contracting Officer as to the Contractor's compliance or noncompliance with the contract. In addition, the COTR is responsible for the day-to-day monitoring and supervision of the contract, of ensuring that the work conforms to the requirements of this contract and such other responsibilities and authorities as may be specified in the contract. The COTR for this contract is:

Name: [REDACTED]  
Title: Chief, Animal Disease Control  
Agency: DOH  
Address: 51 N St, NE, 6<sup>th</sup> Floor  
Telephone: (202) [REDACTED]

7. require volunteer staff to coordinate with DOH officials prior to communication with the media

C.3.5.4 The Contractor and the shelter volunteers shall not respond to any inquiries or issues concerning this contract from the media, attorneys, other government offices, or from such places as city council or congressional offices. The Contractor shall refer these matters initially to the Contracting Officer's Technical Representative (COTR) for response. The COTR shall respond within forty-eight (48) hours after coordinating with the Contracting Officer in accordance with Section H.3.

8. establish specific periods for the contractor to report test results of biting incidents to the Contract Administrator



## EXHIBITS

### Exhibit 2: DOH Response to Management Alert Report Regarding Contracting for Animal Control Services

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C.3.1.2 The Contractor shall forward a copy of all bite reports to the Contracting Officer's Technical Representative (COTR) within twenty-four (24) hours and enter information into the biting animal database, if available. The Contractor shall report all rabies positive test results within six (6) hours and negative results within twenty-four (24) hours to the COTR.

If you have other recommendations, questions or concerns, please do not hesitate to contact me at (202) [REDACTED]

#### Attachment

cc: Honorable Anthony A. Williams, Mayor of the District of Columbia  
John A. Koskinen, Deputy Mayor and City Administrator  
Ivan C.A. Walks, M.D., Chief Health Officer for the District of Columbia/  
Director, DOH  
[REDACTED]



## EXHIBITS

### Exhibit 3: Management Alert Report Regarding Maintenance of Controlled Substances

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Inspector General**

Inspector General



May 22, 2001

Ivan C.A. Walks, M.D.  
Director  
Department of Health  
825 North Capitol Street N.E., Suite 4400  
Washington, D.C. 20002

Dear Dr. Walks:

The purpose of this Management Alert Report (MAR No. 01-A-11) is to bring to your immediate attention the need for the District of Columbia Department of Health (DOH) to address deficiencies identified during our audit of the Animal Control Services Contract between DOH and the Washington Humane Society (WHS). The objective of our audit is to determine whether services provided by WHS are in accordance with contract provisions and the requirements of applicable laws, regulations, policies, and procedures. This audit is being performed as a part of our fiscal year 2001 Audit Plan.

**Background.** The District Animal Shelter (Shelter) is charged with fostering animals, treating ill or injured animals and euthanizing animals that have been determined unadoptable. In addition, the Shelter is required to take the necessary measures to offer reasonably healthy animals for adoption to the public. In association with these activities, the Shelter dispenses at least three controlled substances:

1. Sodium Pentobarbital - used to euthanize animals;
2. Ketamine - used to sedate and immobilize animals; and
3. Torbutrol - used to treat animals in extreme pain.

As a part of our audit, we reviewed the Shelter's current inventory records for the dispensing of controlled substances to ensure that proper control and accountability was being maintained. We also reviewed applicable governing criteria regarding the management and use of controlled substances.

**Synopsis.** Procedures and practices followed by the Shelter are deficient to the extent that there is no assurance that accountability for controlled substances is being maintained. Our review of the Shelter's inventory records disclosed that the Shelter did not properly record or fully account for the dispensing of controlled substances used in daily operations. As a result, WHS could not ensure that all controlled substances



## EXHIBITS

### Exhibit 3: Management Alert Report Regarding Maintenance of Controlled Substances

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ordered and received at the Shelter were accounted for. DOH had established written standard operating procedures and guidelines for dispensing controlled substances, in addition to the existing laws and regulations; however, this information had not been provided to WHS by DOH.

Furthermore, we determined that DOH did not comply with D.C. Law 4-29, "District of Columbia Uniform Controlled Substance Act of 1981" (D.C. Code §§ 33-501-33-585). Before issuing a *Certificate of Licensure* to WHS, DOH was required to determine that the Shelter maintained proper inventory records and established adequate controls to safeguard controlled substances against theft, pilferage, or other diversions (D.C. Code § 33-533(a)(1)). DOH could not provide us with any records to show that site visits or reviews of the Shelter's inventory records had been made during the past 3 years.

The Drug Enforcement Administration (DEA) issues a registration certificate to dispense controlled substances to an entity, contingent upon the entity complying with applicable state and local laws. Therefore, if the license is approved by DOH, it is approved by DEA.

**Discussion.** The DOH Bureau of Food, Drug, and Radiation Protection (BFDPR) is responsible for annually issuing a *Certificate of Licensure* for the dispensing, prescribing, or handling of controlled substances. Officials of BFDPR informed us that the Department of Consumer and Regulatory Affairs (DCRA) issued licenses annually to WHS before 1998, after which the function was transferred to DOH. BFDPR could not provide us with any documentation to indicate that DOH or DCRA conducted site visits or made reviews of the Shelter's inventory records; nevertheless, licenses have been issued to WHS for many years.

Additionally, the Shelter did not use a perpetual inventory system to record the usage and receipt of controlled substances. This type of inventory system would require a continuous record of all receipts and withdrawals of each item of inventory. Consequently, on the date of our review, the Shelter Administrator could not determine or provide us with the amount of inventory on hand, or account for all controlled substances ordered and received at the Shelter. Although a new inventory count must be taken at least every 2 years (21 C.F.R. § 1304.11(c)), the records provided to us showed that no inventory count had ever been taken.

Lastly, our review determined that controlled substances of different schedules were recorded on one inventory sheet. However, controlled substances of different schedules (types) must be recorded on a separate inventory record (21 C.F.R. § 1304.04(f)(1)). The distributions of Ketamine, specifically used by WHS Animal Control Officers, had not been recorded on inventory sheets at all.



## EXHIBITS

### Exhibit 3: Management Alert Report Regarding Maintenance of Controlled Substances

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Page 3 of 4

WHS officials informed us that operating procedures, guidelines, existing laws, and regulations for dispensing controlled substances had not been provided to them by DOH.

We discussed these deficiencies with DOH officials on April 10, 2001. DOH concurred with our findings and stated that due to oversight, WHS had not been provided with applicable governing policies and procedures. Additionally, to DOH's credit, preliminary corrective actions have been initiated.

**Criteria.** The following regulations govern the control and accountability of controlled substances.

- 21 C.F.R. § 1304.04 requires that inventories and records of controlled substances listed in Schedules I and II shall be maintained separately from controlled substances listed in Schedules III, IV, and V.
- 21 C.F.R. § 1304.11 requires that an initial inventory of controlled substances be taken on the first date dispensed, and that a new inventory be taken at least every 2 years. Also, that different schedules (types) of controlled substance must be recorded and maintained on separate inventory records.
- Title 22 DCMR, Chpts. 10 and 15, provide for the registration of dispensers of controlled substances, and inspections, audits of records, and physical inventories, respectively.
- Standard Operating Procedures, established in September 1998, by the DOH, Preventive Health Services Administration, require proper documentation of the dispensing of controlled substances, including information such as the date, the amount used, and the reason for use.
- D.C. Code § 33-533(a) provides, in part, that "[t]he Mayor shall register an applicant to manufacture, distribute, or dispense controlled substances ... unless the Mayor determines that the issuance of that registration would be inconsistent with the public interest. In determining the public interest, the Mayor shall consider the following factors: (1) Maintenance of effective controls against diversion of controlled substances into other than legitimate medical, scientific, or industrial channels...." Id. § 33-533(a)(1).

**Recommendations.** We recommend that the Director, DOH, take action to ensure that:

1. WHS immediately establishes and maintains a perpetual inventory system.
2. WHS is provided with applicable laws, regulations, policies, and procedures for dispensing controlled substances.



## EXHIBITS

### Exhibit 3: Management Alert Report Regarding Maintenance of Controlled Substances

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3. WHS is routinely monitored to ensure compliance with laws, regulations, policies, and procedures for dispensing controlled substances.
4. The BFDRP establishes formal procedures that would include periodic site visits to ensure that facilities have effective controls in place for dispensing controlled substances.

**Closing.** Please provide your response to this report and the recommendations by May 31, 2001. Your response should include actions taken or planned, target dates for completion of planned actions, and reasons for any disagreements with the reported deficiencies. You may suggest alternative actions that would resolve the conditions disclosed in this report.

Our intention is to limit distribution of this Management Alert Report until comments are received. Therefore, please circulate it only to those personnel who will be directly involved in preparing your response.

Should you have questions concerning this report, or desire an exit conference before preparing your response, please call me or William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Charles C. Maddox, Esq.  
Inspector General

CM/ws

cc: The Honorable Anthony A. Williams, Mayor of the District of Columbia  
Mr. John A. Koskinen, Deputy Mayor and City Administrator  




## EXHIBITS

### Exhibit 4: DOH Response to Management Alert Report Regarding Maintenance of Controlled Substances

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health

Office of the Director



MEMORANDUM

TO: Charles C. Maddox, Esq.  
Inspector General

FROM: Ivan C.A. Walks, D.D.  
Chief Health Officer for the District of Columbia/  
Director, Department of Health

DATE: May 31, 2001

SUBJECT: Management Alert Report (MAR No. 01-A-11)

In response to your letter of May 22, 2001 concerning deficiencies noted during your audit of the Animal Control Services Contract between the Department of Health (DOH) and the Washington Humane Society (WHS), please find below an accounting of corrective measures taken by the Department of Health's Bureau of Food, Drug and Radiation Protection (BFDRP) Pharmacy Control Division (PCD). Please note the corrective measures taken are in alignment with the recommendations referenced in your report.

**Recommendation #1.** WHS immediately establishes and maintains a perpetual inventory system.

**Response:** On March 29, 2001, the Washington Humane Society (WHS) instituted a "Controlled Substance Log" and the "Euthanasia Log" for the handling of controlled substances.

**Recommendation #2.** WHS is provided with applicable laws, regulations, policies, and procedures for dispensing controlled substances.

**Response:** On May 8, 2001, the PCD provided the Executive Director of the WHS, [REDACTED] with a pharmacy package containing the District of Columbia Controlled Substances laws and regulations; condensed information on record keeping; the DEA Report of Loss and Theft of Controlled Substances Form 106; and, the DEA Registrant's Inventory of Drugs Surrendered Form 41.

**Recommendation #3.** WHS is routinely monitored to ensure compliance with laws, regulations, policies, and procedures for dispensing controlled substances.

825 North Capitol Street, NE, Suite 4400, Washington, DC 20002 (202) 442-5999 FAX (202) 442-4788



## EXHIBITS

### Exhibit 4: DOH Response to Management Alert Report Regarding Maintenance of Controlled Substances

Memorandum to Charles Maddox, Esq.  
Page Two

**Response:** The PCD made an on-site visit to the Animal Shelter on April 20, 2001. A second follow-up visit was made on May 30, 2001 to ensure that the facility was in compliance with established laws and regulations for the administration of controlled substances.

**Recommendation #4.** The BFDRP establishes formal procedures that would include periodic site visits to ensure that facilities have effective controls in place for dispensing controlled substances.

**Response:** On April 26, 2001, the BFDRP changed its policies and procedures to stipulate and ensure that all animal shelter inspections will be conducted on an annual or as needed basis by the Pharmaceutical Control Division staff. The change will ensure that such facilities have effective controls in place for dispensing controlled substances.

Should you have questions concerning this matter, please do not hesitate to contact me at (202) 442-5999 or [REDACTED] Chief Operating Officer, at (202) [REDACTED]

cc: The Honorable Anthony A. Williams, Mayor of the District of Columbia  
John Koskinen, Deputy Mayor/City Administrator  
Carolyn Graham, Deputy Mayor for Children, Youth and Families  
[REDACTED]



## EXHIBITS

### Exhibit 5: DOH Response to the Draft Report on the Audit of the Washington Humane Society

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
Department of Health

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Office of the Director

November 14, 2001

Charles C. Maddox, Esq.  
Inspector General  
Office of the Inspector General  
717 14<sup>th</sup> Street, N.W.  
Washington, D.C. 20005

Re: Draft Report on Audit of the Washington Humane Society

Dear Mr. Maddox:

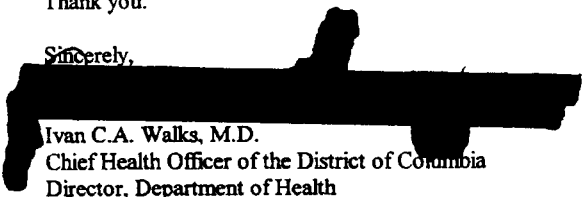
This letter is in response to your letter of October 16, 2001, transmitting the subject draft report. The Department of Health (DOH) has carefully reviewed your report, its conclusions and recommendations, and will comply with all recommendations to enhance our oversight of the animal control services in the District of Columbia. DOH seeks to establish a cooperative relationship with its contractor, the Washington Humane Society (WHS) in carrying out the report's recommendations. DOH is in the process of hiring additional personnel to work in the Animal Control Office, which will allow for a more efficient contract administration.

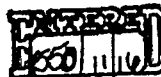
In the interim, DOH is working with the District's Office of Contracting and Procurement to develop new standards for animal control that will be incorporated into a Request for Proposals (RFP). We will ensure that your report's recommendations are incorporated into the RFP to avoid future problems.

I am confident that your audit and the resulting recommendations will lead to better animal control services in the District of Columbia. Feel free to call me at 442-5999 should you have any questions and/or require additional information.

Thank you.

Sincerely,

  
Ivan C.A. Walks, M.D.  
Chief Health Officer of the District of Columbia  
Director, Department of Health



2001 NOV 16 PM 3:50



## EXHIBITS

### Exhibit 6: WHS Response to the Draft Report on the Audit of the Washington Humane Society

	<div data-bbox="812 604 1131 632" data-label="Text"><p>The Washington Humane Society</p></div> <div data-bbox="1159 506 1282 634" data-label="Image"></div> <div data-bbox="305 720 477 747" data-label="Text"><p>October 29, 2001</p></div> <div data-bbox="303 770 677 877" data-label="Text"><p>Charles C. Maddox, Esq. District of Columbia Inspector General 717 4<sup>th</sup> Street, N.W. Washington, D.C. 20005</p></div> <div data-bbox="1148 718 1313 802" data-label="Text"><p>7319 Georgia Avenue, NW Washington, DC 20012 Telephone 202-723-5730 Fax 202-723-1956</p></div> <div data-bbox="370 900 773 930" data-label="Text"><p>Re: Draft Report OIG No. 01-1-05HC</p></div> <div data-bbox="300 953 485 980" data-label="Text"><p>Dear Mr. Maddox:</p></div> <div data-bbox="298 1003 1206 1108" data-label="Text"><p>Thank you for supplying us with a copy of your office's draft report (OIG No. 01-1-05HC) summarizing the results of an audit of the contract between the District of Columbia Department of Health (DOH) and the Washington Humane Society (WHS) covering certain animal control services.</p></div> <div data-bbox="295 1134 1200 1190" data-label="Text"><p>We welcome the audit and, as you know, have cooperated fully with your staff. We are grateful for thoughtful comments and always look for additional ways to provide high-quality service.</p></div> <div data-bbox="292 1211 1192 1316" data-label="Text"><p>It is in that spirit that we provide these comments on the draft OIG report. We follow the report's organization, discussing the draft findings and recommendations in the order presented in the draft. Before doing so, however, we believe it is important to note three points of a more general nature:</p></div> <div data-bbox="357 1341 1211 1551" data-label="Text"><p>First, it seems to us that the draft is as important for what it does not say as for the matters it discusses. The heart of the animal control contract is in providing efficient and professional animal control services in the field, and assuring the humane and professional operation of the D.C. Animal Shelter. This is a complex service -- WHS responds to some 18,000 calls for service per year, each of them with its own requirements -- and WHS, by all independent accounts, has been providing the service with a very high level of skill and dedication, 24 hours a day, 7 days a week.<sup>1</sup> The draft OIG report does not suggest otherwise. We believe it is appropriate to ask, therefore, that</p></div> <div data-bbox="280 1623 1206 1778" data-label="Footnote"><p><sup>1</sup> Our files contain numerous letters commending WHS for its compassionate and professional service from a wide spectrum of observers including animal care and rescue professionals, city officials, the police, and the general public; and these are available to OIG staff. For example, a visiting team of veterinarians from Virginia Polytechnic Institute College of Veterinary Medicine, which had complete access to the D.C. Animal Shelter, found that "The general cleanliness and management of the facility are excellent, given the conditions under which you must operate at the current time. You have a wonderful staff that have made the shelter a bright, clean, odor free environment for the animals as well as the patrons."</p></div> <div data-bbox="1135 1806 1294 1852" data-label="Text"><p>Also known as: The Society for the Prevention of Cruelty to Animals</p></div>
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## EXHIBITS

### Exhibit 6: WHS Response to the Draft Report on the Audit of the Washington Humane Society

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the final report put its more narrow administrative points in context and acknowledge the high overall quality of the essential field and shelter services performed by WHS.

Second, it is important to appreciate that a close and very productive working relationship now exists between WHS and DOH, stimulated by a series of meetings held in June 2001 between WHS and high-level representatives of DOH, the Office of Contracting and Procurement, and the City Administrator's Office. To our knowledge, all of the key open administrative matters, including good communications between DOH and WHS and a clear understanding of the respective roles and authorities of DOH and WHS, have been constructively resolved to everyone's satisfaction as a result.

Third, during the period under review, the animal control contract was greatly underfunded and WHS was heavily subsidizing the animal control function with its own funds -- amounting to nearly \$3 million of financial subsidy from WHS over the past five years. We mention this as a tangible sign of WHS's determination, during a time of great financial difficulty for the District, to assure the proper functioning of the District's animal control program, and as evidence of WHS's dedication to performing this service well.

The draft OIG report has both an introductory section and six specific findings. Each is discussed below.

Introduction. We believe it is important in the "background" section to the report that the two separate roles that WHS plays -- to enforce the District's Animal Cruelty statute, and to perform animal control services under contract with DOH -- be explained clearly and distinctly. We would therefore request that the second sentence in the second paragraph of page 3 be revised to state "The *primary* mission of WHS, *independent of any contract with the District*, is to protect animals in the District from cruelty and harm." We would also suggest that the fourth sentence of that paragraph be revised to state, "WHS operates the Shelter in the District *under contract with DOH* and collects fees from the public (continuing)..."

1. Compliance with contract provisions. The draft report discusses five items in this category. As set out below, we believe that in the interest of accuracy and fairness, certain highly relevant facts, currently omitted from the draft, should be added to the final report. Two of the items -- occasional blood donations and contract administrator approvals (staffing and computerization) -- relate to matters of which DOH was aware at the time and expressed no objection. [One of these, *implementation of a computerized recordkeeping system* -- at WHS's expense -- clearly improved the animal control program and was undertaken with DOH's full knowledge; and moreover, the new system was at all times available to DOH, including a standing offer by WHS to provide training on the system as need be (a training session was scheduled but then canceled by DOH, which did not reschedule despite WHS's offer to provide training at any time). Contrary to the statement at the end of page 5 of the draft report, WHS believed that DOH, by being fully aware, in advance, of the plans to implement the new system and of its benefits to the program, and expressing no objection to it, effectively indicated its approval.



## EXHIBITS

### Exhibit 6: WHS Response to the Draft Report on the Audit of the Washington Humane Society

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Similarly, WHS was meticulous in its periodic reporting to DOH, and the draft OIG report's citation of one three-month period when certain reports were late (when WHS's Executive Director was on maternity leave) is clearly not the norm; we question whether, in context, making a point of an aberrational, short period is appropriate. DOH's use of space at the animal shelter, also discussed in the draft report, is subject to an explicit agreement between DOH and WHS that has been in effect for several years, under which DOH's contract administrator has access to specific office space as needed, while also accommodating the operating needs of the program. DOH and WHS are operating at this time very efficiently and productively under this arrangement. Finally, we cannot tell from the draft report's discussion of pit bull adoption policy whether a criticism is intended or not – WHS has discussed with DOH why it does not believe in encouraging pit bull adoptions from public shelters (a policy in accord with that of surrounding jurisdictions), and our recent discussions with DOH about pit bull matters have not indicated that there is an issue about this.

So of the five items in this category:

Three items – blood donations; contract administrator approvals/staffing and computerization; and use of space at the shelter – had either been approved explicitly by DOH or were undertaken with the knowledge of DOH and WHS had every reason to believe there was no objection;

One item, consisting of three late reports, was clearly an aberration; and

One item – pit bull adoptions – is a policy and legal matter on which DOH and WHS are working jointly, as they should be, and indeed appear to WHS to be in accord.

We believe it is fair to note also, and a final report should recognize, that the overall issues of monitoring, oversight, and division of responsibilities have been addressed productively by DOH and WHS as a result of the June 2001 meetings; that the level of communication and coordination between WHS and DOH is now extremely good, so that specific matters such as those discussed in this section of the report are addressed in a timely and productive manner; and that sound arrangements are in place so that monitoring and oversight may take place appropriately and effectively.

In light of these facts, we urge that this section of the report be revised in accordance with the information set out above and that, in all events, any summary material be examined closely to be conformed to final findings and to recognize the overall high quality of WHS's services. For example, the Audit Results section of the draft report (page 1) says that "WHS did not comply with contract provisions", leaving the mis-impression of wholesale noncompliance, when in fact the draft's specifics are much more limited and raise no question about the quality of the core animal control field services and shelter operations. The summary material in the Synopsis section should similarly be conformed; as the information set out above shows, it is clearly not the case that "WHS exhibited a lack of regard" for contract provisions as the draft states (page 5) or was otherwise in material non-compliance. The Conclusion (page 5) similarly should recognize WHS's overall excellent performance, both to place these matters in context and to be



## EXHIBITS

### Exhibit 6: WHS Response to the Draft Report on the Audit of the Washington Humane Society

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fair to an organization that has done so much to perform important and high quality services for the District.

2. Internal controls for processing payments. This section of the draft report discusses DOH's internal payment-processing procedures, and so we do not comment on it other than to state our strong belief that invoices presented to DOH were accurate and to present the following additional information, which we believe will be helpful: For the current contract year, WHS will have an "A-133" audit conducted of its animal control contract activities. We believe that this specialized audit, the results of which will be shared with DOH, should now provide a very high level of assurance on the matters discussed in this section of the draft report. We point out also that WHS's accounting and financial records – which clearly meet GAAP standards – are audited every year by independent certified public accountants and that WHS has continuously received clean audit reports.

Addressing OIG's Recommendation No. 5 on page 11 of the draft report, we believe that requiring WHS to "submit supporting documentation along with its bi-weekly invoices" would be extremely burdensome, time-consuming, and cost prohibitive. For example, it would entail copying hundreds of pages of records to be submitted with each invoice. We doubt that DOH wants or needs to receive this additional paper for its own files. We propose in the alternative that, as we believe is customary for fixed-price contracts, DOH avail itself of its right to review and inspect the supporting documentation that WHS has always maintained and will continue to maintain at its facility.

3. Maintenance of controlled substances. The draft makes clear in text, but not always in certain summary material, that WHS (a) accounted in detail for each use of controlled substances and (b) had not been provided materials or instructions to add further controls or procedures. It is very important, because of the potential for misunderstanding, that summary materials similarly make this clear. For example, the Audit Results paragraph on page 1 states, in its entirety, that "WHS did not properly record or fully account for the dispensing of controlled substances." As the full write-up makes clear, however, it is only recently that WHS has been informed of what was "proper." So to be fair and accurate, any summary material (including the material on page 1, the opening sentences of the "Synopsis" discussion on page 12 and the "Inventory" discussion on page 13) should make clear that WHS had not been informed at the time to do anything differently.

4. Compliance with the migratory bird treaty act. WHS's past inadvertent noncompliance with the terms of the Migratory Bird Treaty Act is a matter which we deeply regret and which we have promptly worked to resolve, in full and open cooperation with the United States Fish and Wildlife Service, the U.S. Attorney's Office, and DOH. WHS believes that the manner in which it now handles migratory birds complies with all its obligations, and we are pleased with the strong relationship we have established with local wildlife rehabilitators, USF&W, and other local resources relating to the handling of migratory birds.

For these reasons, we believe it is important that the final report reflect the extensive measures WHS has taken, in cooperation with DOH and USF&W, to ensure that it is in full compliance with the terms of the Migratory Bird Treaty Act. First, WHS and DOH worked expeditiously to



## EXHIBITS

### Exhibit 6: WHS Response to the Draft Report on the Audit of the Washington Humane Society

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obtain the necessary permit as soon as the problem was first identified in the beginning of August 2000. As a result, USF&W issued a temporary permit on August 11, 2000, and a final permit was issued on October 23, 2000. The OIG draft report incorrectly suggests on page 17 that the required permit was not obtained until after completion of the OIG audit fieldwork, and we would therefore request that this statement be revised.

Second, as soon as WHS learned of the MBTA requirements in August 2000, WHS immediately implemented new record-keeping practices and migratory bird handling policies to ensure proper handling of migratory birds.

Third, in accordance with the terms of the agreement with the U.S. Attorney's Office, WHS's animal control staff has participated in extensive training on the proper handling of migratory birds. Shortly after receiving the final permit in the fall of 2000, WHS conducted its own training of its animal control staff in coordination with a local wildlife rehabilitation facility. On July 24, 2001, a member of WHS' management staff participated in an initial meeting hosted by USF&W to discuss issues of migratory bird laws and to share information on resources that various local agencies could provide. Representatives from multiple agencies, including DOH, United States Department of Agriculture Wildlife Services, National Park Service, the D.C. Metropolitan Police Department, Arlington Animal Welfare League, and area wildlife rehabilitators participated in the meeting. On August 21, 2001, members of the WHS Animal Control Staff participated in an intensive training seminar conducted by USF&W on migratory bird issues. The seminar covered a wide range of topics, including a study of migratory birds in the area, a review of laws concerning the handling of migratory birds, legal control of nuisance birds, and West Nile virus and diseases affecting migratory birds. The training seminar was video taped, and WHS will use those tapes to train staff that could not attend, as well as all new WHS animal control staff. WHS also plans to conduct additional migratory bird training at the end of the year in coordination with local wildlife rehabilitators.

Turning to the some of the specific problematic language in this section, we have the following comments: We believe it is important to accurately reflect the fact that WHS's noncompliance with the MBTA was inadvertent and unintentional. As the draft report recognizes in the first paragraph of this section, both DOH and WHS were not aware that such a permit was required. We would therefore request that the word "inadvertently" be added to the first sentence of the first paragraph on page 16 (to read "WHS *inadvertently* violated..."). For the same reason, the last sentence of the first paragraph under the heading "Discussion" on page 16 reads as though it suggests that WHS's violation of the MBTA was intentional, which no one contends it was, and we would therefore request that it be deleted.

Also, we believe it is not accurate to suggest, as the first sentence of that same paragraph under the heading "Discussion" does, that the OIG audit was the first to "disclose" WHS's noncompliance with the MBTA. As discussed above, as soon as the problem first came to light in August 2000, WHS acknowledged its mistake, cooperated fully with USF&W's investigation, and immediately took steps to resolve the issue, all prior to OIG initiating its audit. We would therefore request that the word "disclosed" be amended to state "confirmed."



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Finally, WHS believes it is important to correct the erroneous assertion (on both page 1 and page 16 of the draft report) that all 881 migratory birds handled by WHS during the relevant 3 year period were captured alive and subsequently euthanized. According to USF&W's review of WHS' records, upon which OIG relies, of the 881 birds at issue, a majority were captured alive, were sick or injured, and were euthanized. However, WHS did make attempts in some instances to relocate protected birds to a licensed wildlife rehabilitator, and the remainder of the identified birds were collected dead and disposed of by WHS. We would therefore request that the statements in the draft report be revised to accurately summarize USF&W's findings.

In conclusion, we would like to emphasize WHS's commitment to treating all animals, including migratory birds, in a manner that is humane and in their best interests. WHS has strived and will continue to strive to handle all the animals it has rescued with the greatest of care and in full compliance with all applicable laws and regulations. We therefore hope that OIG will revise this section of the draft report to reflect the substantial progress WHS and DOH have made in handling migratory birds, and the extensive steps all parties have taken to ensure future compliance.

5. Controls over cash receipts and property at the animal shelter. We believe that several important facts are omitted or misstated in the draft report's discussion and analysis here, leading to very serious errors in this section of the report. First, it is not correct that WHS "does not maintain a cash receipts journal, a general ledger, or reconcile daily amounts collected," as the draft report states (page 19). In fact, WHS keeps complete records of these matters. WHS staff informed OIG staff that its financial records are maintained at WHS's Georgia Avenue headquarters and invited OIG staff to review those records and meet with WHS's accounting staff. However, no such meeting or review occurred.

Nor is it true that WHS's books of account do not conform to GAAP (see draft report page 18). In fact, WHS's books and records do so conform, and annual outside audits of those books and records under GAAP consistently have confirmed the high quality of WHS's accounting. Had a review of WHS's accounts been undertaken in the course of the current audit, an accurate portrayal of a sound accounting system would have resulted. As it is, the draft's discussion is fundamentally flawed. It is inaccurate and highly unfair to WHS.

The same is true of the draft's discussion of "Fees Collected for the District" (page 19). The draft suggests a shortfall in fees paid to the District for adoptions and redemptions of some \$76,000, but the assumptions used in constructing the supposed shortfall are simply wrong. The draft attributes most of the supposed shortfall to fees not collected for redemptions of animals from the shelter. The draft assumed, however -- incorrectly -- that all animals returned to owners ("RTO's") should be charged a redemption fee. In fact, this is not the case. Redemption fees are only required to be charged for animals running at large and then returned to owners. Many animals are taken into the shelter and later returned to owners in other circumstances, for which no redemption fee is applicable -- for example, animals picked up from evictions, abandonments, arrests and other police-related incidents, walk-in spay/neuter requests, vet cares, and the like. Yet all of these animals are, properly, shown in the annual statistics as RTO's. A preliminary review of WHS records indicates that over 40 percent of the RTO category consists of these types of no-fee-required returns. Applying this percentage in calculating redemption fees comes



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very close to eliminating the supposed \$76,000 shortfall, a result that we would expect.<sup>2</sup> All in all, the analysis used in the draft report was based on assumptions that were seriously incorrect. No such shortfall exists.

We mention briefly the two other matters covered in this section of the draft report. The first is the occurrence of some out-of-sequence customer receipts and the use of more than one receipt book, and the effect of this on cash reconciliation. We ask that the final report make clear the following additional facts. First, all receipts were in fact accounted for. There was, therefore, no indication of theft or other actual harm. Second, the cash receipts were in fact reconciled regularly, a procedure that is now done on a daily basis. And third, the computerized system now in place automatically numbers each receipt sequentially, eliminating the possibility of out-of-sequence receipts or multiple receipt books.

The draft report also mentions conducting or maintaining an inventory of the equipment at the shelter. Until recently, WHS believed that DOH maintained such an inventory; WHS had never been told otherwise and had not been asked to prepare the inventory itself. Neither Section F.6 of the animal control contract (the clause cited in the draft OIG report) nor any other section of the contract requires WHS to maintain an inventory of DOH's equipment. Moreover, since WHS has always maintained an inventory of its own property at the shelter, there could not have been confusion about property ownership. More recently, in June 2001, WHS prepared an inventory of DOH's equipment at the shelter and provided that inventory to DOH. We would be happy to provide a copy of this inventory to OIG if requested.

To sum up: We are sorry if a miscommunication about the location of records led to a mistaken preliminary conclusion about a question as fundamental as the existence of key financial records and WHS's GAAP accounting system, for it is quite possible that this mistake colored the entire write-up of this section of the draft; we are grateful for the opportunity to correct this misunderstanding now. Similarly, we appreciate the opportunity to supply important information on cash receipts – showing clearly that the draft report's assumptions and analysis of a supposed shortfall are not correct – and on sequential receipt books and equipment inventory.

Getting these matters right is obviously important to WHS, as we know it is to OIG. Fairness and accuracy require that this section of the draft not go forward without revisions to reflect the foregoing facts.

6. Contracting for services. The matters discussed in this section of the draft report – e.g., resolving any disputes – have been addressed in a productive and cooperative way in the course of entering into the current one-year contract. The only point we make here is that it is important not to lock DOH into particular contract language (e.g., as in Exhibit 2), since these issues have now been addressed in much greater detail than was available at the time Exhibit 2 was prepared. For example, WHS and DOH have agreed to detailed procedures for transferring animals subject to cruelty issues from the District's shelter to WHS's anti-cruelty jurisdiction, so as to provide

<sup>2</sup> In addition, the report incorrectly assumed that all adopters pay a \$10 fee, when in fact (with DOH's knowledge) animals other than dogs and cats that are adopted are not subject to such a fee. Preliminary analysis indicates that around \$3,500 of the supposed shortfall is attributable to such adoptions.



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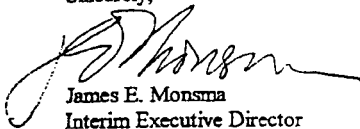
clarity to affected animal owners and protect key responsibilities of both DOH and WHS. Similarly, authority, duties and responsibilities have been clarified, and workable rules have been established for communicating with the media. We would be happy to go into these matters in detail with OIG personnel if you would like us to do so.

WHS will also continue to report rabies-suspect incidents very promptly. The draft's citation of an aberrational incident strikes us, in context, as potentially misleading and certainly less than complete. At the very least, we believe it would be appropriate for the final report to take into account and acknowledge WHS's very strong overall record of prompt and accurate rabies-suspect reporting.

\* \* \*

We appreciate the opportunity to provide these comments. We take our responsibilities very seriously and always strive for ways to strengthen the program. We would be grateful for a meeting with OIG staff to discuss the draft report in more detail, before a final report is issued.

Sincerely,



James E. Monsma  
Interim Executive Director

cc: John A. Koskinen, Deputy Mayor and City Administrator  
Ivan C.A. Walks, M.D., Director, Department of Health  
[REDACTED]